

AQUILA RESOURCES

Advancing the gold- and zinc-rich Back Forty Project

MDEQ Presentation | October 2015



Agenda

- Aquila Corporate Overview
- Aquila History
- Project Description
- Michigan Permitting Overview
- Supporting Studies
- Wetlands Permit (Delineation / Mitigation)
- Cultural Resources
- Air Permit

Aquila | Corporate Overview

- Canadian public company listed on the Toronto Stock Exchange
- Operating in the Upper Peninsula of Michigan for more than 10 years
- Focused on high-grade polymetallic assets in the Great Lakes Region
- Flagship Back Forty project located in Menominee County Michigan
- Back Forty is a gold and zinc rich deposit
 - Expected to be a low cost producer located in Michigan's Upper Peninsula
 - \$60M invested to-date

Aquila | Our Values

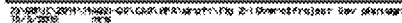
- Safety
 - We pledge uncompromised attention to “zero harm” in the workplace in order to protect the health and well-being of all our workers
- Personal Commitment
 - We nurture and support the highest level of professionalism, personal ownership and entrepreneurial spirit in all our employees
- Responsibility and Accountability
 - We acknowledge that our work can have an impact on our community and the environment. We care profoundly about our performance in compliance, environmental protection, human rights and health and safety
- Transparency
 - We value relationships and communication based on integrity, cooperation, openness and mutual benefit, with our people, our customers, our suppliers, governments and society in general

Aquila | Recent History

- Jan 2014 – re-acquired HudBay’s interest in the Back Forty project
 - Aquila now owns 100% of the project
- Sep 2014 – released new mine plan for Back Forty
 - Includes results from 2013 resource update
- Mar 2015 – Closed \$20.75 million finance commitment with Orion Mine Finance
 - Mining focused investor based out of New York
 - Proceeds to fund the Company through permitting and feasibility
- June 2015 – Submitted a letter of intent to file a permit application under Part 632 with the Michigan Department of Environmental Quality

Back Forty | Project Description

- Open Pit Mine
 - Waste rock to separate oxide and flotation management facilities for disposal
 - Ore trucked to onsite Mill for processing
- The tailings will remain on surface for disposal in an engineered lined and capped system
- All Contact water is captured and reports to Contact Water Basin for treatment prior to discharge
- Concentrates are shipped off site for further processing
- Subsequent to mining the open pit will be backfilled with waste rock
- Cutoff Wall



Back Forty | Project Highlights

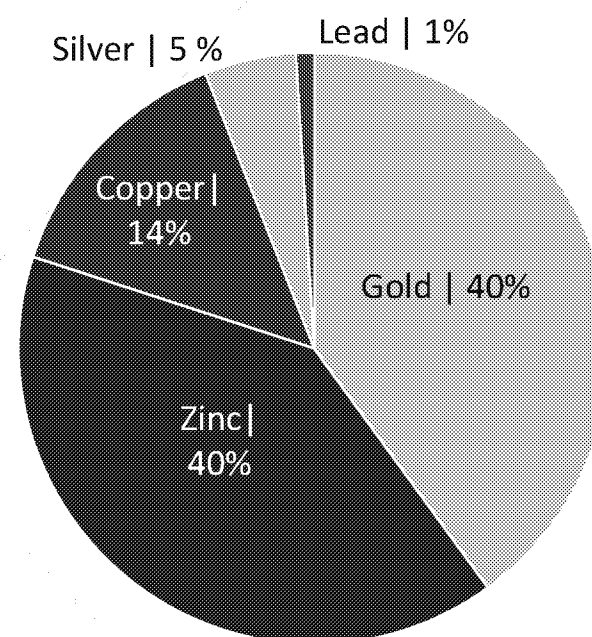
Production Parameters

Mine Life	7 years
Throughput	5,350 tpd

Total Payable Production

Gold	471K oz
Zinc	613M lbs
Copper	62M lbs
Silver	4K oz
Lead	22M lbs

Payable Metals Mix



Diverse Revenue Streams

Back Forty | Michigan Permitting Overview

- Major Permit Requirements
 - Air Pollution Control Permit
 - Water Discharge Permit for treated mine water (NPDES)
 - Construction and Operation Storm Water Discharge Permits (as part of MPA)
 - Wetland Permit

Back Forty | Michigan Permitting Overview

- Nonferrous Metallic Mineral Mining Permit (Part 632)
 - Mine Plan and River Pillar
 - Treatment and Containment Plan
 - Tailings, waste rock, contact water storage, ore stock piles, non-contact water, etc.
 - Environmental Monitoring and Protection Plan
 - Operations and post reclamation
 - Reclamation and Mitigation Plan
 - Contingency Plan
 - Financial Assurance Plan
 - Environmental Impact Assessment (EIA)

Back Forty | Studies to Support Permitting

- 2 years of Baseline Studies per Part 632 – Completed
- Static Testing Program - Completed
- Kinetic Testing Program – Completed
 - Kinetic lab fully operational - onsite
 - 40 waste rock samples comprised of 13 rock types
 - 11 tailings samples representing yearly mine tails streams
- Mineralogical Analysis – Completed
- Bedrock Hydrogeologic Investigation
 - Pump Tests – completed
 - Hydrogeologic Report – completed
 - Groundwater Modeling – completed

Back Forty | Studies to Support Permitting

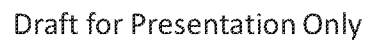
- Geologic Report
 - Geotechnical Report – completed
 - Soil Chemistry Testing Program – completed
- Pit Stability Investigation
 - Report – completed
 - River Pillar Design – completed
- Tailings Management Alternatives Analysis – Completed
- Wetland Delineation and Hydrologic Investigation - Completed

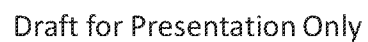
Back Forty | Studies to Support Permitting

- Water Discharge Evaluation – Completed
 - Surface Water Discharge
- Tails and Waste Rock Facility Design - Completed
- Mine Reclamation Plan - Completed

Back Forty | Wetlands Evaluation

- Wetland Delineation completed in 2010
 - MDEQ approval of regulated and non-regulated wetlands
 - ACOE approval of wetland delineation findings
- Wetland Delineation confirmation field work 2015
 - As part of Wetland permit submittal
- Mitigation Plan – quality wetlands offered for preservation





Back Forty | Cultural Resources Evaluation

- Cultural Resource Surveys completed from 2009 - 2011
 - Surveys completed from 2009 – 2011
 - Resource survey findings were shared with stakeholders throughout process
 - Report submitted to State Archeologist office
 - Report submitted to Menominee and Hannahville
 - Letters sent to Native American Tribes to seek engagement
- Project Designed to avoid any impacts to archeological resource sites identified

Back Forty | Air Permitting

- Air Permit Application
 - Proposed facility will be synthetic minor source
 - Criteria pollutants < 100 tons per year
 - Federal HAPs < 10 tpy (single) and < 25 tpy (all)
 - Not major source under Title V and will not trigger PSD New Source Review
- Air emissions calculations
 - Included in permit application to support status and emission rates
 - Estimated emissions based on mining and process rates in maximum production year – both point and fugitive emission sources included

Back Forty | Scoping Meeting Questions

- Questions?